

June 20, 2017

For Immediate Release

Real Estate Investment Trust Securities Issuer  
Star Asia Investment Corporation  
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(Code: 3468)

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### Notice Concerning Establishment of Interest Rate Swaps

Star Asia Investment Corporation (SAR) announces today the establishment of interest rate swaps (the “Establishment of Interest Rate Swaps”) concerning long-term borrowings among borrowings described in “Notice Concerning Debt Financing” dated March 30, 2017 as well as long-term borrowings described in “Notice Concerning Debt Financing and Repayment of Borrowings” dated April 20, 2017, as described below. Moreover, please refer to the respective press release mentioned above for the details of borrowings which the Establishment of Interest Rate Swaps was made for.

#### 1. Reason for establishment

SAR intends to fix interest rate payments and hedge the risk of interest rate fluctuation pertaining to the borrowings under individual term loan agreements concluded on April 4, 2017 as described in “2. Details of the established swaps” below.

#### 2. Details of the established swaps

<Borrowings which interest rate swap agreements were concluded for>

Term (Note 1)	Lender	Borrowing amount (million yen)	Interest rate	Date of borrowing	Borrowing method	Maturity date	Repayment method	Security
Long-term Borrowing (1)	A syndicate of lenders with Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd. as arrangers (Note 2)	2,400	Base interest rate + 0.45%	April 6, 2017	Borrowing based on individual term loan agreement dated April 4, 2017 based on basic agreement dated April 15, 2016 assuming Sumitomo Mitsui Banking Corporation as agent	October 20, 2020	Lump sum repayment on maturity date	Unsecured and unguaranteed
Long-term Borrowing (2)		4,150	Base interest rate + 0.60%			April 20, 2022		
Long-term Borrowing (3)	Sumitomo Mitsui Banking Corporation	1,000	Base interest rate + 0.45%	April 20, 2017		October 20, 2020		
Long-term Borrowing (4)	Mizuho Bank, Ltd.	600	Base interest rate +0.45%			October 20, 2020		

(Note 1) Long-term refers to borrowings due after one year.

(Note 2) The syndicate of lenders consists of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd., Shinsei Bank, Limited, and Resona Bank, Limited.

(1) Interest rate swap agreement in connection with Long-term Borrowing (1)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	2,400 million yen
Interest rate	Fixed interest rate payable: 0.08 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	June 20, 2017
Termination date	October 20, 2020
Interest payment dates	The first interest payment will be July 20, 2017, and subsequent interest payments will be the 20th of every month.

(Note 1) The interest rate for Long-term Borrowing (1) will be effectively fixed at 0.53% with the conclusion of this interest rate swap agreement in connection with the Long-term Borrowing (1).

(2) Interest rate swap agreement in connection with Long-term Borrowing (2)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	4,150 million yen
Interest rate	Fixed interest rate payable: 0.11 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	June 20, 2017
Termination date	April 20, 2022
Interest payment dates	The first interest payment will be July 20, 2017, and subsequent interest payments will be the 20th of every month.

(Note 2) The interest rate for Long-term Borrowing (2) will be effectively fixed at 0.71% with the conclusion of this interest rate swap agreement in connection with the Long-term Borrowing (2).

(3) Interest rate swap agreement in connection with Long-term Borrowing (3)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	1,000 million yen
Interest rate	Fixed interest rate payable: 0.08 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	June 20, 2017
Termination date	October 20, 2020
Interest payment dates	The first interest payment will be July 20, 2017, and subsequent interest payments will be the 20th of every month.

(Note 3) The interest rate for Long-term Borrowing (3) will be effectively fixed at 0.53% with the conclusion of this interest rate swap agreement in connection with the Long-term Borrowing (3).

(4) Interest rate swap agreement in connection with Long-term Borrowing (4)

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	600 million yen
Interest rate	Fixed interest rate payable: 0.08 % Floating interest rate receivable: JBA 1 month yen TIBOR
Commencement date	June 20, 2017
Termination date	October 20, 2020
Interest payment dates	The first interest payment will be July 20, 2017, and subsequent interest payments will be the 20th of every month.

(Note 3) The interest rate for Long-term Borrowing (4) will be effectively fixed at 0.53% with the conclusion of this interest rate swap agreement in connection with the Long-term Borrowing (4).

3. Other Matters Required for Investors to Appropriately Understand and Evaluate the Above Information

In conjunction with the risks pertaining to the Establishment of Interest Rate Swaps, there are no changes to "Part 1. Fund Information, I. Overview of the Fund, 3. Investment Risks" stated in the Securities Report submitted on April 27, 2017.

\* Star Asia Investment Corporation website address: <http://starasia-reit.com/en/>